



EXECUTIVE BOARD

Fifty-first Session

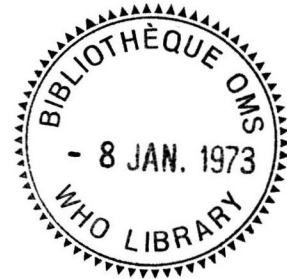
Provisional agenda item 6.12

AMENDMENTS TO THE FINANCIAL REGULATIONS

Report by the Director-General

The final sentence of Part 10.3 (page 4) of Article 10 of the proposed provisions for the standardized financial regulations was omitted. The corrected full text should read as follows:

10.3 The Director-General may make such ex-gratia payments as he deems to be necessary in the interest of the Organization. A statement of such payments shall be submitted with the final accounts.





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AMENDMENTS TO THE FINANCIAL REGULATIONS

Report by the Director-General

1. The Ad Hoc Committee of Experts to Examine the Finances of the United Nations and the Specialized Agencies recommended that the organizations should try as far as possible to reconcile and standardize their Financial Regulations. As a consequence the Consultative Committee on Administrative Questions (CCAQ) is keeping the matter under constant review and is recommending from time to time common texts of Financial Regulations for adoption by the organizations in the United Nations system. In pursuance of these recommendations the WHO Financial Regulations governing external audit were amended by decision of the Twenty-fifth World Health Assembly in resolution WHA25.14.¹

2. New common texts of the Financial Regulations concerning custody of funds, investment of funds, internal control, the accounts and delegation of authority have now been recommended by CCAQ and agreed by the Administrative Committee on Coordination (ACC) and the attached Annex sets forth the proposed common provisions, showing also the relevant existing Regulations and giving some explanations concerning the recommended changes. It should be pointed out that the recommended changes are mainly editorial and will not require any adjustment to existing WHO policies and practices. Should the Board agree with the proposed amendments to the Financial Regulations it may wish to adopt a resolution along the following lines:

"The Executive Board,

Having considered the report of the Director-General on common financial regulations relating to custody of funds, investment of funds, internal control, the accounts and delegation of authority, as agreed by the Administrative Committee on Co-ordination,

RECOMMENDS to the Twenty-sixth World Health Assembly the adoption of the following resolution:

'The Twenty-sixth World Health Assembly,

Considering it desirable that the financial regulations of the World Health Organization relating to custody of funds, investment of funds, internal control, the accounts and delegation of authority should conform to those of the other organizations in the United Nations system, except for such divergencies as are necessary to meet the Organization's constitutional provisions,

ADOPTS the amendments to Articles VIII, IX, X, XI and XIV of the Financial Regulations of the World Health Organization as proposed by the Director-General and recommended by the Executive Board."

¹ Off. Rec. Wld Hlth Org., No. 201, p. 8.

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Article VIII - Custody of Funds

8.1 The Director-General shall designate the bank or banks in which funds in the custody of the Organization shall be kept.

Article IX - Investment of Funds

9.1 The Director-General may invest moneys not needed for immediate requirements. The investment of moneys standing to the credit of any trust fund, reserve or special account shall be subject to any directives of the appropriate authority.

9.2 At least once a year the Director-General shall include in the financial statements submitted to the World Health Assembly a statement of the investments currently held.

9.3 Income from investments shall be credited to the fund or account from which the invested moneys derive unless otherwise provided in the regulations, rules or resolutions relating to that fund or account.

Article X - Internal Control

10.1 The Director-General shall:

(a) Establish detailed financial rules and procedures in order to ensure:

- (i) effective financial administration and the exercise of economy, and
- (ii) effective custody of the physical assets of the Organization;

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Article VIII - Custody of Funds

8.1 The Director-General shall designate the bank or banks in which the funds of the Organization shall be kept.

Article IX - Investment of Funds

9.1 The Director-General may make short-term investment of moneys not needed for immediate requirements and shall inform the Executive Board periodically of such investments which he has made.

9.2 The Director-General may make long-term investments of moneys standing to the credit of trust funds, reserve and special accounts as may be provided by the appropriate authority in respect of each such fund or account.

9.3 Income derived from investments shall be credited as provided in the rules relating to each fund or account.

Article X - Internal Control

10.1 The Director-General shall:

(a) Establish detailed financial rules and procedures in order to ensure effective financial administration and the exercise of economy;

Comments

Editorial change only.

The revisions to Article IX as a whole do not involve changes in substance except for:

- (a) removal of the distinction between long- and short-term investments; and
- (b) introduction of a firm directive for annual reporting to the World Health Assembly.

The revisions of Article X as a whole do not involve changes in substance except for:

- (a) specifying in more detail practices already followed by the various organizations, as for example the possibility of making advances or progress payments in accordance with normal commercial practice; and

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(b) Except where advance or progress payments are specifically provided for in the contract, as may be required by normal commercial practice and the interests of the Organization, ensure that all payments are made on the basis of supporting vouchers and other documents which show that services or goods have been received and have not previously been paid for;

(c) Designate the officers who may receive moneys, incur commitments or obligations and make payments on behalf of the Organization;

(d) Maintain an internal financial control and internal audit which shall provide an effective current examination and/or review of financial transactions in order to ensure:

(i) the regularity of the receipt, custody and disbursement of all funds and other resources of the Organization,

(ii) the conformity of commitments or obligations and expenditures with the appropriations or other financial provisions voted by the World Health Assembly or with the purposes, rules and provisions relating to the fund concerned, and

(iii) the economical use of the resources of the Organization.

10.2 Commitments or obligations shall not be incurred and payments shall not be made unless an appropriate authorization has been made in writing under the authority of the Director-General.

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(b) Cause all payments to be made on the basis of supporting vouchers and other documents which ensure that the services or goods have been received, and that payments have not previously been made;

(c) Designate the officers who may receive moneys, incur obligations and make payments on behalf of the Organization;

(d) Maintain an internal financial control which shall provide for an effective current examination and/or review of financial transactions in order to ensure:

(i) the regularity of the receipt, custody and disposal of all funds and other financial resources of the Organization,

(ii) the conformity of obligations and expenditures with the appropriations or other financial provision voted by the Health Assembly, or with the purposes and rules relating to trust funds and special accounts;

(iii) the economic use of the resources of the Organization.

10.2 No obligations shall be incurred until allotments or other appropriate authorizations have been made in writing under the authority of the Director-General.

Comments

(b) indication of the obvious fact that arrears of contributions cannot be written-off by authority of the Director-General.

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Comments

10.3 The Director-General may make such ex gratia payments as he deems to be necessary in the interest of the Organization.

10.3 The Director-General may make such ex gratia payments as he deems to be necessary in the interests of the Organization, provided that a statement of such payments shall be submitted to the Health Assembly with the annual accounts.

10.4 The Director-General may, after full investigation, authorize the writing-off of losses of cash, supplies, equipment and other assets, other than arrears of contributions. A statement of all such losses written off during the financial period shall be submitted to the External Auditor(s) with the final accounts.

10.4 The Director-General may, after full investigation, authorize the writing-off of losses of cash, stores and other assets, provided that a statement of all such amounts written off shall be submitted to the Auditor(s) with the annual accounts.

10.5 The Director-General shall establish rules for the procurement of equipment, supplies and other requirements, including rules governing the invitation of tenders.

10.5 Tenders for equipment, supplies and other requirements shall be invited by advertisement, except where the Director-General deems that, in the interests of the Organization, a departure from the rule is desirable.

Article XI - The Accounts

Article XI - The Accounts

11.1 The Director-General shall maintain such accounts as are necessary and shall prepare final accounts for each financial period showing:

11.1 The Director-General shall maintain such accounting records as are necessary and shall submit annual accounts showing for the financial year to which they relate:

- (a) The income and expenditure of all funds;
- (b) The status of appropriations, including
 - (i) the original budget appropriations,
 - (ii) any supplementary appropriations,
 - (iii) the appropriations as modified by any transfers,
 - (iv) credits, if any other than the appropriations voted by the World Health Assembly, and

- (a) The income and expenditures of all funds;
- (b) The status of appropriations, including:
 - (i) the original budget appropriations;
 - (ii) the appropriations as modified by any transfers;
 - (iii) credits, if any, other than the appropriations voted by the Health Assembly;

The revisions to Article XI as a whole do not involve changes in substance except for:

- (a) a change in the latest date, 31 March, by which the accounts shall be submitted to the External Auditor; this date has been set for the convenience of certain other Organizations; and
- (b) deletion of regulation 11.5 which all Organizations considered unnecessary in view of the constitutional prerogatives of their legislative bodies.

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(v) the amounts charged against the appropriations and against any other credits.

(c) Statements of assets and liabilities at the close of the financial period.

He shall also give such other information as may be necessary to indicate the current financial position of the Organization.

11.2 Appropriate separate accounts shall be maintained in respect of all trust funds, reserves and special accounts.

11.3 The final accounts of the Organization shall be presented in US dollars. The accounting records may, however, be kept in such currency or currencies as the Director-General may deem necessary.

11.4 The final accounts shall be submitted to the External Auditor not later than 31 March following the end of the period to which they relate.

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(iv) the amounts charged against those appropriations and/or other credits.

(c) The assets and liabilities of the Organization.

He shall also give such other information as may be appropriate to indicate the current financial position of the Organization.

11.2 The annual accounts of the Organization shall be presented in US dollars. Accounting records may, however, be kept in such currency or currencies as the Director-General may deem necessary.

11.3 Appropriate separate accounts shall be maintained for all trust funds, reserve and special accounts.

11.4 The annual accounts shall be submitted by the Director-General to the Auditor(s) if possible not later than 28 February following the end of the financial year.

11.5 The Health Assembly, after examination of the financial report of the Director-General, the report of the External Auditor(s), and any observations of the Board thereon, may disallow any item in the accounts which it considers improper and direct the corresponding amendment of the accounts. If the Health Assembly disallows any item, it shall decide what steps shall be taken to deal with the matter.

Comments

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Article XIV - Delegation of Authority

14.1 The Director-General may delegate to other officers of the Organization such authority as he considers necessary for the effective implementation of these Regulations.

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Article XIV - Delegation of Authority

14.1 The Director-General may delegate to other officers of the Organization such of his powers as he considers necessary for the effective implementation of these regulations.

Comments

Editorial change only.